



## JLARC Continues to Identify Savings

JLARC has been keeping tabs on the fiscal impacts of its performance audits and reviews completed since 1990. Here we update such impacts from our work in the current biennium. From July 2001 through May 2003, JLARC has completed over 25 audits and reviews. The table below summarizes these impacts in terms of *realized savings and cost avoidances*, both one-time and ongoing. We have also documented *potential savings* if JLARC's recommendations were to be fully implemented. Some of these potential savings have been noted in 2003-05 budgets still under consideration; once budgets are finalized, such savings could become actual rather than potential.

### Savings From 2001-03 JLARC Audits

#### *Realized* Savings/Cost Avoidances

- One-Time ..... **\$22 million**
- Annual Ongoing ..... **\$ 1 million**

#### *Potential* Savings/Cost Avoidances

- One-Time ..... **\$33 million**
- Annual Ongoing ..... **\$26 million**

Note: The assumptions underlying these figures are based on conservative estimates. For example, with a range of dollar amounts, the low-end or midpoint estimate is used. Also, amounts reflect "present value" calculations.

### Examples of 2001-03 JLARC Savings:

- ***Higher Education Facilities Preservation Study (2003)*** – Necessary maintenance and repair backlogs at Washington's public higher education institutions total \$1.3 billion. We estimate that \$25 million per year could be generated from JLARC's recommendations for improved facility stewardship.
- ***DDD Capital Facilities Study (2002)*** – At state institutions for the developmentally disabled, JLARC identified \$13 million in surplus property and timberlands, which could be sold without changing operations. Alternative uses of some institutions could generate additional savings.
- ***School for the Deaf Capital Facilities Study (2002)*** – JLARC raised issues with the size and cost of a proposed new school facility in the Governor's 2003-05 Capital Budget. Proposed legislative 2003-05 Capital Budgets do not include \$19.8 million in new construction funds for the School.
- ***Mental Health Performance Audit (2000)*** – JLARC identified excess fund balances retained by Regional Support Networks in Washington's mental health system. The 2002 Supplemental Budget took \$22 million in savings from these fund balances.

## . . . and Savings from 1990 Forward Add to the Picture

### Savings/Cost Avoidances: JLARC Audits— 1990 to 2003

#### *Realized* Savings/Cost Avoidances

- One-Time ..... **\$395 million**
- Annual Ongoing ..... **\$ 85 million**

#### *Potential* Savings/Cost Avoidances

- One-Time ..... **\$33 million**
- Annual Ongoing ..... **\$188 million**

## Where Does JLARC Get Its Work?

JLARC staff, assisted by outside consultants and experts when appropriate, carry out about a dozen performance audits and studies each year. These projects come to JLARC from a variety of directions, including citizen initiatives.

- **Legislative provisos** in the operating, capital, and transportation budgets, as well as in policy bills, direct JLARC to undertake studies and to report back to legislative fiscal and policy committees. For the past three biennia, most of JLARC's workload has come from such provisos.
- **Sunset dates** are inserted into legislation creating policies, state programs, and, sometimes, entire state agencies. 2000 legislation changed Washington's Sunset Law [RCW 43.131] and enhanced JLARC's role by making performance goals and performance measures key parts of the sunset review process. Previous Legislatures have directed a number of reviews; the 2003 Legislature adds one more:
  - ✓ SHB 1550 [C 71 L 03] **Office of Regulatory Assistance**. JLARC review to be done during 2006-07.
- **JLARC's Biennial Work Plan** reflects both mandated studies and the Committee's own study topics. For 2003-05, the Committee's own priorities included the following audits and reviews:
  - ✓ Follow-up on JLARC's **WorkFirst Evaluations**. (*Will be completed by June 2003*)
  - ✓ **Washington Medicaid**. (*Currently underway, due to be completed by December 2003*)
  - ✓ Evaluation of Agency **Performance Measure Tracking Systems**. (*Currently underway, initial report to be completed by September 2003*)
  - ✓ **Capital Planning, Budgeting, and Oversight** Performance Audit. (*To be scheduled*)

Additional information about JLARC's work and activities can be found on our web site—  
<http://jlarc.leg.wa.gov>.

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